



ATTORNEYS AND COUNSELORS AT LAW

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April 6, 2006

BY HAND & E-FILING

Mary Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Milford Water Company, D.T.E. 05-61

Dear Ms. Cottrell:

Enclosed for filing in the abovementioned docket, please find a Motion for Approval of Revised Settlement Offer and various attachments, jointly submitted on behalf of the Milford Water Company, the Town of Milford and the Department of Telecommunications and Energy Settlement Intervention Staff ("SIS"). We believe the settlement is well-supported by the Company's original filing and responses to discovery, but we would be happy to provide any additional support the Department deems appropriate.

If there are any questions, please contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eric J. Krathwohl", with a large, stylized flourish at the end.

Eric J. Krathwohl

Encl.

cc: John Geary, Esq., Hearing Officer
Jeannie Voveris, Esq., Shaela McNulty-Collins, Esq.,
Settlement Intervention Staff
A. John Sullivan, Rates and Revenue Requirements Division
Thomas Carey, Rates and Revenue Requirements Division
Paul Osborne, Rates and Revenue Requirements Division
Gerald M. Moody, Esq.
Henry Papuga
Stephen Alcott

**JOINT MOTION FOR APPROVAL OF OFFER
OF SETTLEMENT**

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

MILFORD WATER COMPANY)
D.T.E. 05-61)
_____)

JOINT MOTION FOR APPROVAL OF OFFER OF SETTLEMENT

Pursuant to 220 C.M.R. § 1.10(8), Milford Water Company ("Company"), Town of Milford ("Milford"), and Settlement Intervention Staff ("SIS") of the Department of Telecommunications and Energy (collectively referred to as the "Parties"), jointly request that the Department of Telecommunications and Energy ("Department") approve on or before May 1, 2006, the attached Offer of Settlement. The Department's expeditious approval will provide a result consistent with the public interest, avoid the expense of hearings, and result in just and reasonable rates.

Furthermore, the Parties respectfully request that the Department move into the record the Company's initial filing and responses to all the information requests provided during this proceeding (responding to the Town, SIS, and Adjudicatory Staff).

Respectfully submitted this 6th day of April, 2006 for the Parties by their attorneys,

Milford Water Company



Eric J. Krathwohl, Esq.
Rich May, P.C.
176 Federal Street
Boston, MA 02110

Town of Milford

Gerald M. Moody, Esq.
Town Hall
52 Main Street
Milford, MA 01757

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
SETTLEMENT INTERVENTION STAFF

Shaela McNulty Collins, Esq.
Jeanne L. Voveris, Esq.
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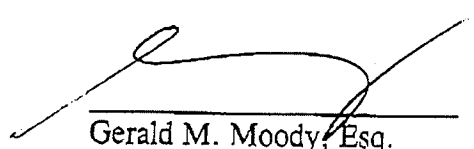
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OFFER OF SETTLEMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

MILFORD WATER COMPANY)
_____))
_____)

D.T.E. 05-61

OFFER OF SETTLEMENT

This Offer of Settlement ("Settlement") is jointly sponsored this 6th day of April, 2006 by Milford Water Company ("Company"), Town of Milford ("Town") and the Settlement Intervention Staff ("SIS") of the Department of Telecommunications and Energy ("Department")¹ (collectively referred to as the "Parties"). The Settlement is offered with the intent of resolving all issues in D.T.E. 05-61.

ARTICLE I
BACKGROUND

1.1 On September 15, 2005, the Company filed new rates and tariffs, designed to collect additional annual revenue of \$1,156,555 pursuant to G.L. c. 164, § 94 and G.L. c. 165, § 2. This proposal represented an increase of 39.1 percent over existing rates in effect on December 31, 2004. By Department Order dated September 29, 2005, the Department suspended the proposed rates until April 1, 2006. By Department Order dated March 24, 2006, the Department suspended the proposed rates until August 1, 2006. On October 6, 2005, the Department appointed the SIS to act as a full intervenor in the proceeding in order to promote negotiations and effect a settlement if feasible. On October 20, 2005 the Town sought full intervenor status, which was granted. A public hearing was

¹ The Department established the SIS by memorandum dated June 4, 1990, in order to promote negotiations and effect settlements of water rate cases where feasible.

held in the Town of Milford on November 16, 2005. In addition, on November 16, 2005, representatives of the Company, SIS, and Department conducted a site visit of the Company's facilities.

1.2 The Parties have engaged in discovery and negotiations regarding the matters specified in the articles of this Settlement and the various issues contained in the general rate case filing in D.T.E. 05-61. The Settling Parties have raised competing and disputed claims regarding these matters but wish to resolve them on mutually agreeable terms, and without establishing any new precedent or principle applicable to any other proceedings. This Settlement is offered with the intent of resolving D.T.E. 05-61 and thus avoid an unnecessary, time consuming and costly proceeding. In consideration of the exchange of promises and covenants contained in this Settlement, the legal sufficiency of which the Parties acknowledge, the Parties agree, subject to approval by the Department, as follows:

ARTICLE II MATTERS AGREED UPON BY THE PARTIES

The Parties agree to resolve all disputes relating to the D.T.E. 05-61 in the following manner:

2.1 For purposes of this Settlement, and subject to the provisions of Paragraphs 2.2 et seq. of this agreement, the Parties agree that the additional annual revenues shall be \$755,000, representing an increase of 25 percent over rates in effect on December 31, 2004.

2.2 For purposes of calculating Allowance for Funds Used During Construction and similar calculations only, the Parties further agree that the overall rate of return on rate base shall be 9.83 percent, based on a return on common equity of 10.50 percent and a capital structure consisting of 23.62 percent long-term debt, 3.43 percent preferred stock, and 72.95 percent common equity.

2.3 The attached schedules (Schedules 1 through 13) represent the substance of the Parties' agreement on rate and service issues in D.T.E. 05-61. Schedules 1 through 9 represent the development of the Company's revenue requirement. The Revenue Yield Calculations are appended

hereto as Schedule 10. The proposed tariffs resulting from this Settlement are appended hereto as Schedule 11. Schedule 12 sets forth the bill impacts of the rates proposed under the terms of the Settlement. A Statement of Issues, appended hereto as Schedule 13, is submitted in accordance with the Department's settlement procedures. The Statement of Issues sets forth matters within the contemplation of the Parties in discussions leading to the Settlement.

2.4 The Company agrees that it will not file new rates with the Department to increase charges to customers that, after a Department ordered suspension period, could have an effective date in less than twenty-four (24) months after the date that increased rates pursuant to this Settlement become effective ("Stay Out Period").

2.5 The Parties agree that the Company's Surcharge for Water Purchased ("SWP"), attached hereto as part of Attachment 11, is just and reasonable and necessary because of the Company's water supply constraints and should be approved.

2.6 The Parties agree that the metered rate structure under this Settlement, consisting of a meter-based customer charge and single-block volumetric rate, with a tailblock that is 50 percent greater than the volumetric rate and applicable to all residential consumption in excess of 4,800 cubic feet per quarter, produces just and reasonable rates. The proposed metered rate structure takes into consideration (1) the Company's supply constraints, (2) the role of increased residential demand on the Company's supplies, (3) the limited evidence in both the record and relevant literature on the role of rate design in promoting water conservation, and (4) rate continuity.

2.7 The Parties agree that the Company's Rules and Regulations, as modified and appended hereto as part of Schedule 11, are just and reasonable and should be approved. Notwithstanding any provisions of the Company's Rules and Regulations, the Company agrees that it will not seek the reasonable costs of collection from the Town or any of its agencies during the term of this Settlement, which shall be deemed for these purposes to extend until the end of the Stay Out Period.

2.8 The Parties agree that the Company's various fees and charges contained in the Company's modified Rules and Regulations are made necessary by customer growth. The parties specifically agree that the system development charges ("SDCs") contained therein take into consideration (1) the incremental cost associated with infrastructure additions, (2) the level of SDCs imposed by other water systems, and (3) the effect of contributions in aid of construction, such as SDCs, on the rate base of investor-owned water utilities.

ARTICLE III EFFECTIVE DATE

3.1 This Settlement shall apply to all rates approved by the Department as a result of the Joint Motion For Approval of Offer of Settlement ("Joint Motion"). The rates agreed to in this Settlement shall be effective May 1, 2006, upon the Department's approval of the Settlement by allowance of the Joint Motion in whole. Approval of new rates per the attached tariff sheets with an effective date of May 1, 2006 is a material term of this agreement.

ARTICLE IV OTHER AGREEMENTS

4.1 The Company agrees:

- (a) to take or refrain from such action as may be necessary to comply with G.L. c. 148, § 27A;
- (b) to meet with the Town Fire Chief to discuss and to develop a plan of action to address the issues listed below:
 - (i) achieving compliance to the extent commercially feasible with NFPA 25;
 - (ii) marking of fire hydrants to indicate capacity and conducting of flow tests, to the extent commercially feasible; and
- (c) to add emergency electric generating capability sufficient to maintain sufficient pumping and filtration capacity for sufficient service to customers during power failures within one (1) year after the effective date of new rates hereunder.

ARTICLE V
CONDITIONS

5.1 This Settlement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in this proceeding is true or false. Except as specified in this Settlement, the entry of an order by the Department approving the Settlement shall not in any respect constitute a determination by the Department as to the merits of any other issue raised in this proceeding.

5.2 The making of this Settlement establishes no principles and shall not foreclose any party from raising any issue in the event the Department does not approve the Settlement. The Department's approval of the schedules attached hereto shall not be accorded precedential weight in future Department rate proceedings.

5.3 This Settlement is the product of settlement negotiations. The Parties agree that those negotiations were conducted on the explicit understanding that all offers of settlement and discussions relating thereto are governed by Department precedent favoring broad-ranging discussions by the parties aimed at compromise and settlement of issues between them. Boston Gas Company, D.P.U. 88-67, at 23 (1988). The Parties further agree that all offers of settlement shall be without prejudice to the position of any party or participant presenting any such offer or participating in any such discussion and that they will not use the content of those negotiations in any manner in connection with these or other proceedings involving one or more of the Parties.

5.4 The provisions of this Settlement are not severable. This Settlement Agreement is conditioned on its approval in full by the Department.

5.5 If the Department does not approve the Settlement in its entirety by May 1, 2006, it shall be deemed to be withdrawn and shall not constitute a part of the record in any proceeding or used for any other purpose.

5.6 The Department shall have continuing jurisdiction to enforce the terms of this Settlement.

ARTICLE VI
CONCLUSION

6.1 The Parties agree to jointly petition the Department to approve this Offer of Settlement by submitting a Joint Motion For Approval of Offer of Settlement in accordance with 220 C. M. R. § 1.10(8).

MILFORD WATER COMPANY



By Its Counsel

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Jeanne L. Voveris, Esq.

Department of Telecommunications and Energy

One South Station

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DATED: April 6, 2006

Settlement.

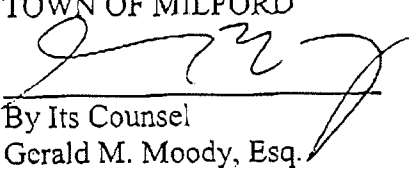
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DATED: April 6, 2006

SCHEDULES 1 THROUGH 13

SCHEDULE 1

REVENUE REQUIREMENT CALCULATION

COST OF SERVICE	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
Operating and Maintenance Expense	1,871,386	0	53,318	1,924,704
Uncollectibles Expense	19,637	0	(7,267)	12,370
Depreciation/Amortization Expense	387,888	0	(22,400)	365,488
Taxes Other Than Income	405,570	0	(101,307)	304,263
Massachusetts Taxes	91,403	0	(16,456)	74,948
Federal Taxes	447,033	0	(80,480)	366,553
Investment Tax Credits	(9,671)	0	0	(9,671)
Deferred Income Taxes	0	0	0	0
Return on Rate Base	1,048,839	0	(148,008)	900,831
Total Cost of Service	4,262,085	0	(322,600)	3,939,486
OPERATING REVENUES				
Water Revenues	2,959,992	0	60,000	3,019,992
Other Operating Revenue	67,570	0	19,080	86,650
Non-Operating Revenue	77,844	0	0	77,844
Total Revenues	3,105,406	0	79,080	3,184,486
Revenue Deficiency	1,156,679	0	(401,680)	755,000
As Percentage of Total Revenues	37.25%		-13.54%	23.71%
As Percentage of Water Revenues	39.08%		-14.08%	25.00%

SCHEDULE 2

OPERATING AND MAINTENANCE EXPENSE

	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
O&M Per Book	1,624,100	0	0	1,624,100
ADJUSTMENTS TO OPERATING EXPENSES				
Salaries and Wages	136,108	0	0	136,108
Employee Health Insurance	37,369	0	26,913	64,282
Workers Compensation	4,610	0	0	4,610
Purchased Power Expense	41,540	0	30,035	71,575
Purchased Water Adjustment	25,000	0	(25,000)	0
Miscellaneous Expense	(3,883)	0	0	(3,883)
Rate Case Expense	6,542	0	0	6,542
Diatomaceous Earth Expense	0	0	15,370	15,370
Chlorine Expense	0	0	6,000	6,000
Total Adjustments	247,286	0	53,318	300,604
Adjusted Total O&M	1,871,386	0	53,318	1,924,704

SCHEDULE 3

DEPRECIATION AND AMORTIZATION EXPENSE

	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
Amortization Expense	0	0	0	0
Depreciation Expense	387,888	0	(22,400)	365,488
Total Expense	387,888	0	(22,400)	365,488

SCHEDULE 4

RATE BASE

	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
Plant in Service	21,480,238	0	0	21,480,238
Depreciation Reserve	6,536,647	0	0	6,536,647
Net Plant in Service	14,943,591	0	0	14,943,591
ADDITIONS TO PLANT:				
Post-Test Year Plant Additions	581,000	0	(581,000)	0
Materials and Supplies	84,398	0	0	84,398
Cash Working Capital	230,742	0	6,574	237,316
Total Additions	896,140	0	(574,426)	321,714
DEDUCTIONS FROM PLANT:				
Customer Deposits	5,644	0	0	5,644
Contributions in Aid of Construction	5,422,200	0	0	5,422,200
Reserve for Deferred FIT - Deprec	673,360	0	0	673,360
Pre-1971 ITCs	0	0	0	0
	6,101,204	0	0	6,101,204
RATE BASE	9,738,527	0	(574,426)	9,164,101
COST OF CAPITAL	10.77%	10.25%	9.83%	9.83%
RETURN ON RATE BASE	1,048,839	0	(148,008)	900,831

SCHEDULE 5

COST OF CAPITAL

Per Company - Initial

	Principal	Percent	Cost	Rate of Return
Long-Term Debt	2,075,000	19.95%	8.80%	1.76%
Preferred Stock	374,100	3.60%	6.00%	0.22%
Common Equity	7,952,937	76.46%	11.50%	8.79%
	10,402,037	100.01%		10.77%

Incorporating Financing Approved in D.T.E. 05-97

	Principal	Percent	Cost	Rate of Return
Long-Term Debt	2,575,000	23.62%	8.31%	1.96%
Preferred Stock	374,100	3.43%	6.00%	0.21%
Common Equity	7,952,937	72.95%	11.50%	8.39%
	10,902,037	100.00%		10.56%

Per Settlement

	Principal	Percent	Cost	Rate of Return
Long-Term Debt	2,575,000	23.62%	8.31%	1.96%
Preferred Stock	374,100	3.43%	6.00%	0.21%
Common Equity	7,952,937	72.95%	10.50%	7.66%
	10,902,037	100.00%		9.83%

SCHEDULE 6

CASH WORKING CAPITAL ALLOWANCE

	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
O&M Expense	1,871,386	0	53,318	1,924,704
Net O&M Expense	1,871,386	0	53,318	1,924,704
@ 45.00/365	230,742	-	6,574	237,316
Cash Working Capital	230,742	0	6,574	237,316

SCHEDULE 7

TAXES OTHER THAN INCOME TAXES

	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
Property Taxes	350,640	0	(101,307)	249,333
Payroll Taxes	54,930	0	0	54,930
Other Taxes	0	0	0	0
Total Taxes (NonIncome)	405,570	0	(101,307)	304,263

SCHEDULE 8

INCOME TAXES

	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
Rate Base	9,738,527	0	(574,426)	9,164,101
Return on Rate Base	1,048,839	0	(148,008)	900,831
Less: Interest Expense	171,398	0	8,218	179,616
Net Return on Rate Base	877,441	-	(156,226)	721,215
ADD:				
Book Depreciation	0	0	0	0
Deferred Federal/State Income Taxes	0	0	0	0
Investment Tax Credits	(9,671)	0	0	(9,671)
Amort of Preferred Stock Expense	0	0	0	0
Total Additions	(9,671)	-	-	(9,671)
DEDUCT:				
Tax Depreciation	0	0	0	0
Total Deductions	-	-	-	-
Taxable Income Base	867,770	0	(156,226)	711,544
Gross Taxable Income	1,406,206	0	(253,162)	1,153,044
State Franchise Tax	91,403	0	(16,456)	74,948
Federal Taxable Income	1,314,803	0	(236,707)	1,078,096
Federal Income Tax	447,033	0	(80,480)	366,553
Total Income Taxes	538,436	0	(96,936)	441,501

SCHEDULE 9

REVENUES

	Initial Filing	Company Adjustments	Settlement Adjustments	Per Order
Water Operating Revenues	2,959,992	0	60,000	3,019,992
ADD:				
Unbilled Revenues	0	0	0	0
Miscellaneous Revenues	0	0	0	0
Total Deductions	0	0	0	0
Adjusted Revenues	2,959,992	0	60,000	3,019,992

REVENUE YIELD CALCULATION AT PROPOSED RATES

1/2

SCHEDULE 10

REVENUE YIELD CALCULATION AT PROPOSED RATES

REVENUE AT PROPOSED RATES - PHASE 1									
Customers Meter Size		No. of Bills	Metered Consumption - CCF			Volume Charges		S. C.	Total
			1st block	surcharge	2nd block	3rd block	Total	Charges	Revenue
INDUSTRIAL (monthly billing)									
5/8"	96	441	10	0	451	\$2,020	\$892	\$0	\$933
3/4"	12	37	0	0	37	\$20	75	75	\$121
1"	59	714	1,760	0	2,474	3,555	0	4,997	\$658
1 1/2"	155	2,398	6,170	440	9,008	12,463	889	18,195	\$1,953
2"	120	2,875	7,930	0	10,805	16,019	0	21,826	\$1,980
3"	50	1,697	7,970	4,737	14,404	16,099	9,569	29,096	\$2,300
4"	12	289	0	0	289	0	584	584	\$672
6"	24	670	4,152	56,536	61,358	8,387	114,203	123,943	\$1,944
8"	46	1,020	4,862	15,571	21,453	9,821	31,454	43,335	\$5,060
Totals	574	10,141	32,854	77,284	120,279	\$66,365	\$156,114	\$242,963	\$15,621
BA variance adjustment									0.27%
Revenue yield at current rates									53.01%
Increase									\$89,824
MUNICIPAL (monthly billing)									
5/8"	86	201	15	0	216	\$2,020	\$406	\$0	\$836
3/4"	181	3,704	285	0	3,989	7,482	576	8,058	\$1,823
1"	143	2,841	2,328	0	5,169	5,739	4,703	10,441	\$1,594
1 1/2"	135	3,033	5,588	3,850	12,471	6,127	7,777	25,191	\$1,701
2"	117	2,264	6,453	17,340	26,057	4,573	35,027	52,635	\$1,931
3"	60	2,066	2,177	0	4,243	4,173	4,398	8,571	\$2,760
4"	12	565	183	0	748	1,141	370	1,511	\$672
6"									\$0
8"									\$0
Totals	734	14,674	17,029	21,190	52,893	\$29,641	\$34,399	\$42,804	\$11,317
BA variance adjustment									1.06%
Revenue yield at current rates									\$88,795
Increase									\$30,616
TOTAL RETAIL METERED CUSTOMERS									
Bills		2,489,429							
38,002		795,383	51,111	219,057	127,308	1,192,859	613,640		
Revenue yield at current rates									21.43%
Increase									\$548,525
SALES FOR RESALE									
4"	4	52,661				\$3,030	1.5	159,563	\$157.00
6"	4					\$159,563		628	\$232.00
Totals	8					159,563		1,556	\$60,000
Revenue yield at current rates									168.53%
Increase									\$101,119
TOTAL RETAIL + SALES FOR RESALE METERED CUSTOMERS									
38,010		1,245,520				3,268,744			
Revenue yield at current rates									24.80%
Increase									\$649,643

SCHEDULE 11

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS & ENERGY

MILFORD WATER COMPANY

M. D. T. E. NO. 17A

RATES

Canceling:

MILFORD WATER COMPANY

RATES

M. D. T. E. NO. 15

Issued: **April 6, 2006**

EFFECTIVE: **May 1, 2006**

For service rendered on or after
May 1, 2006

MILFORD WATER COMPANY

Issued By: Henry C. Papuga, Manager

RATES FOR METERED SERVICE

AVAILABILITY

These rates are available to all customers located on the mains of the Company in the corporate limits of the Town of Milford for all purposes except fire service, subject to the RULES AND REGULATIONS of the MILFORD WATER COMPANY.

QUARTERLY METER RATES

Charges for water sold quarterly will be the sum of the Quarterly Service Charge by meter size PLUS a volumetric charge based on the following rate(s) per hundred cubic feet.

	<u>Per Hundred Cubic Feet</u>
For residential users:	
First 4,800 cubic feet per quarter	\$ 2.020
Over 4,800 cubic feet per quarter	\$ 3.030
For all other users for all water used	\$ 2.020

Quarterly Charge per Meter:

<u>Size of Meter (Inches)</u>	<u>Service Charge Per Quarter</u>
5/8	\$ 16.89
3/4	\$ 17.97
1	\$ 21.20
1 1/2	\$ 25.50
2	\$ 37.30
3	\$ 125.00
4	\$ 157.00
6	\$ 232.00
8	\$ 318.00
10	\$ 404.00
12	\$ 491.00

Terms of Payment:

The Company may render bills on either a quarterly or monthly basis. The above rates are payable within forty-five (45) days of the date of the bill.

ISSUED: April 6, 2006

EFFECTIVE: **May 1, 2006** for service
rendered on or after
May 1, 2006.

RATES FOR METERED SERVICE (continued)

CONTRACTORS RATE

Contractors requiring water service shall file a written application to the Company and shall pay all costs of making a hydrant connection or other connections to the water system, including the cost of installing a water meter and will, in addition, pay for water at the established rates. The Company reserves the right to collect estimated connection costs and one month's service charge before turning on the water.

Terms of Payment:

The Company may render bills on either a quarterly or monthly basis. The above rates are payable within forty-five (45) days of the date of the bill.

RATES FOR METERED SERVICE (continued)

AVAILABILITY

These rates are available to all customers located on the mains of the Company in the corporate limits of the Town of Milford for all purposes except fire service, subject to the RULES AND REGULATIONS of the MILFORD WATER COMPANY.

MONTHLY METER RATES

Charges for water sold monthly will be the sum of the Monthly Service Charge by meter size PLUS a volumetric charge based on the following rate(s) per hundred cubic feet.

	<u>Per Hundred Cubic Feet</u>
For all water used by non-residential customers	\$ 2.020

Monthly Service Charge Per Meter:

<u>Size of Meter (Inches)</u>	<u>Service Charge Per Month</u>
5/8	\$ 9.72
3/4	\$ 10.07
1	\$ 11.15
1 1/2	\$ 12.60
2	\$ 16.50
3	\$ 46.00
4	\$ 56.00
6	\$ 81.00
8	\$ 110.00
10	\$ 139.00
12	\$ 168.00

Terms of Payment:

The Company may render bills on either a quarterly or monthly basis. The above rates are payable within forty-five (45) days of the date of the bill.

ISSUED: April 6, 2006

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rendered on or after
May 1, 2006.

RATES FOR PUBLIC FIRE SERVICE

AVAILABILITY

These rates are available to the Town of Milford for Public fire service only, and in accordance with the RULES AND REGULATIONS of the MILFORD WATER COMPANY.

RATES

Charges will be the sum of (1) an annual lump sum amount and (2) a hydrant rental for each public hydrant in service.

Lump sum amount for fire flow capacity provided to public fire hydrants in Milford	\$ 292,973
Rental for each public fire hydrant in service	\$ 132.00

TERMS OF PAYMENT

Bills would be rendered periodically and are due and payable within forty-five (45) days of the date of the bill.

SPECIAL PROVISION

A charge of \$100.00 will be made for each unauthorized use of a public fire hydrant.

RATES FOR PRIVATE FIRE SERVICE

AVAILABILITY

These rates are available to customers located on the mains of the Company inside of the corporate limits of the Town of Milford, for Private Fire Service (Sprinkler Service and Private Hydrant Service) subject to the RULES AND REGULATIONS of the MILFORD WATER COMPANY. The total cost of installing fire service connections shall be borne by the customer.

RATES

For each 2" or smaller service connection	\$ 18.24
For each 4" service connection	\$ 112.68
For each 6" service connection	\$ 327.24
For each 8" service connection	\$ 697.32
For each 10" service connection	\$ 1,254.12
For each 12" service connection	\$ 2,025.72
For each private hydrant connected to the mains of the Water Company	\$ 327.24

TERMS OF PAYMENT

Bills shall be rendered quarterly or monthly subject to the billing period for the private fire customer's metered water service, or if none, then as determined by the Company. The above rates are net and due and payable within forty-five (45) days of the date of the bill.

SPECIAL PROVISIONS

- (a) All water shall be used for fire protection purposes only.
- (b) The Company reserves the right, if water is used in violation of (a) above, to install a meter on the connection at any time which will meet the requirements of the fire insurance companies. In the event a meter is installed, the established meter rates, including both water and minimum charges, will apply in addition to the above rates for Private Fire Protection.
- (c) A charge of \$250.00 will be made for each unauthorized use of private fire facilities for each event.

RATES TO OTHER WATER UTILITIES

AVAILABILITY

These rates are available only to other water utilities in the sole discretion of the Milford Water Company and all such service shall be subject to the RULES AND REGULATIONS of the MILFORD WATER COMPANY in all regards.

GENERAL WATER SERVICE RATES

Charges for water sold will be the sum of the Service Charge by meter size PLUS a volumetric charge based on the following rate(s) per hundred cubic feet:

	<u>Per Hundred Cubic Feet</u>
For all water used	\$ 3.030

Service Charge Per Meter:

<u>Size of Meter (Inches)</u>	<u>Service Charge Per Month</u>	<u>Service Charge Per Quarter</u>
3	\$ 46.00	\$ 125.00
4	\$ 56.00	\$ 157.00
6	\$ 81.00	\$ 232.00
8	\$ 110.00	\$ 318.00
10	\$ 139.00	\$ 404.00
12	\$ 168.00	\$ 491.00

FIRE SERVICE RATES

For each fire hydrant supplied with water by the Milford Water Company the charge will be the same as the charge for private hydrant.

TERMS OF PAYMENT

Bills will be rendered quarterly or monthly, as determined by the Company and are due and payable within forty-five (45) days of the date of the bill.

ISSUED: April 6, 2006

EFFECTIVE: **May 1, 2006** for service
rendered on or after
May 1, 2006.

LOW-INCOME RATES FOR METERED SERVICE

AVAILABILITY

These rates are available to all residential customers located on the mains of the company in the corporate limits of the Town of Milford, for all purposes except fire service, subject to the RULES AND REGULATIONS of the MILFORD WATER COMPANY that fulfill the following requirements:

1. the applicant must be the owner of the residential property;
2. the applicant must reside in the property;
3. the property must be a single-family property;
4. the applicant must be 65 years of age or older;
5. the applicant must be receiving Supplemental Security Income, or be 70 years of age or older and be receiving a property tax exemption under G.L. c. 59, § 5, Clause 41, 41B or 41c; and
6. the applicant must not have any child greater than 19 years of age living within the property.

QUARTERLY METER RATES

Charges for water sold quarterly will be the sum of the Quarterly Service Charge by meter size PLUS a volumetric charge based on the following rate(s) per hundred cubic feet:

	<u>Per Hundred Cubic Feet</u>
First 4,800 cubic feet per quarter	\$ 1.616
Over 4,800 cubic feet per quarter	\$ 2.424

Quarterly Charges per Meter:

<u>Size of Meter (Inches)</u>	<u>Service Charge Per Quarter</u>
5/8	\$ 13.51
3/4	\$ 14.38
1	\$ 16.96
1 1/2	\$ 20.40

TERMS OF PAYMENT

Bills shall be rendered quarterly. The above rates are net and due and payable within forty-five (45) days of the date of the bill.

ISSUED: April 6, 2006

EFFECTIVE: **May 1, 2006** for service
rendered on or after
May 1, 2006.

SURCHARGE FOR WATER PURCHASED

This schedule establishes the procedure to be followed for adjusting, on an annual basis, the Company's metered rate schedules in order to account for price differentials between the Company's metered service rates and the cost of water purchased from other water systems under emergency conditions.

The calculation of the surcharge for water purchased ("SWP") is as follows:

$$\text{Surcharge per CCF} = \frac{(C - (Qa \times Ra))}{Q}$$

Where

- C = Cost of water purchased from all sources other than Clarks Island Well Station during previous calendar year, provided such cost exceeds 1.5 percent of the Company's gross revenues from water sales as reported in the same period
- Q = Volume of water sold to metered rate customers during previous calendar year
- Qa = Volume of water purchased from sources other than Clarks Island Well Station during previous calendar year
- Ra = Metered service volumetric rate in effect during previous calendar year, as defined below

For purposes of the SWP, gross revenues from water sales shall represent the sum of Accounts 501 through 505 as defined by the Department's Uniform System of Accounts for Water Companies pursuant to 220 C.M.R. § 52.00 et seq.

For purposes of the SWP, the metered service volumetric rate shall consist of the average volumetric rate (excluding any SWP revenues) applicable to the Company's (1) Rates for Metered Service, (2) Low-Income Rates for Metered Service, and (3) Rates to Other Water Utilities, weighted by the volume of sales to each of these rate classes during the previous calendar year.

Any remaining over- or under-collection of SWP revenues shall be passed back or collected from customers in the following manner:

SURCHARGE FOR WATER PURCHASED (continued)

- (1) If a SWP charge is applicable in a given year, any over- or under-collection resulting from the previous year's application of the SWP shall be passed back or collected from customers through adding the outstanding over- or under-collection to the "C" component of the SWP formula.
- (2) If no SWP charge is applicable in a given year, any over- or under-collection resulting from the previous year's application of the SWP shall be passed back or collected from customers through a true-up adjustment on customer's bills issued after April 1 of the following year. The amount of such credit or surcharge will be determined by dividing the outstanding balance by the Company's total revenues received through the customer service charge component for the previous year to develop a percentage factor, that in turn will be applied to the Company's then-current customer service charge to derive a customer surcharge or credit based on meter size.

The Company shall submit its proposed SWP factor to the Department no later than February 15 of each year, along with all supporting documentation. Unless otherwise ordered by the Department, the SWP factor will become effective on all billings rendered on and after April 1 of the same year, through March 31 of the following year. The operation of the SWP factor is subject to all powers of suspension and investigation vested in the Department pursuant to G.L. c. 164, § 94 and G.L. c. 165, § 2.

The Company will notify customers in simple terms of changes to the SWP, including the nature of the change and the manner in which the SWP is applied to customer bills. The Company will submit this notice for Department approval at the time of each SWP filing.

OTHER SERVICES

The Company may impose additional miscellaneous charges and fees for services rendered as specified in Appendix A to the Company's Rules and Regulations.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS & ENERGY

MILFORD WATER COMPANY

M. D. T. E. NO. 18A

RULES AND REGULATIONS

Canceling:

MILFORD WATER COMPANY

RULES AND REGULATIONS

M.D.T.E. NO. 16
(Approved)

Issued: **April 6, 2006**

EFFECTIVE: **May 1, 2006**

MILFORD WATER COMPANY

Issued By: Henry C. Papuga, Manager

1. RULES AND REGULATIONS GOVERN RENDERING OF SERVICE

The rules and regulations in their entity as herein set forth, or as they may thereafter be altered or amended in a regular and legal manner, shall govern the rendering of water service, and every Customer, upon the signing of an application water service, or upon the taking of water service, will be bound thereby.

2. DEFINITIONS APPLICATION FOR FOLLOWING SECTIONS

The words "Company" of "Water Company" refer to the Milford Water Company of Milford, Massachusetts.

The word "Department" refers to the Massachusetts Department of Telecommunications and Energy.

The word "customer" shall be taken to mean any person, firm, corporation, government, or governmental division who has applied for and received water service supplied by the Milford Water Company of Milford, Massachusetts.

The words "main" or "main pipe" shall mean the supply pipe from which service connections are made to supply water to customers.

The words "service pipe" or "service connection" shall mean the pipe running from the main pipe to the premises of the customer.

The words "seasonal use" shall mean any intermittent use, season after season, at the same premises.

The words "public water system" refers to the water system owned and operated by the Milford Water Company of Milford, Massachusetts.

The word "premises" as used herein shall be restricted to the following:

- (a) A building under one roof owned or leased by one customer and occupied as one residence or one place of business;
- (b) A combination of buildings owned by one customer in one common enclosure, or occupied by one family, or one corporation or firm, as a residence or place of business;
- (c) Each unit of a multiple house or building separated by a solid vertical partition wall, occupied by one family, or one firm, as a residence or place of business;

- (d) A building owned by one customer having a number of apartments, offices, or lofts, which are rented to tenants, using in common one hall and one or more means of entrance;
- (e) A condominium association serving one or a combination of buildings in one common enclosure.

3. APPLICATION FOR SERVICE

- (a) All applications for water service must be made in writing on a form provided by the Company. The application for service must be made by or on behalf of the property owner.
- (b) No agreement will be entered into by the Company with any applicant until all arrears and charges due by the applicant at any premises now or heretofore occupied by him/her shall have been paid.
- (c) When accepted by the Company, the application shall constitute a contract between the Company and the applicant, obligating both parties to comply with these Rules and Regulations.
- (d) Applications for service installations will be accepted subject to there being an existing main in a street or right-of-way abutting on the premises to be served. The contract in no way obligates the Company to extend its mains to service the premises under consideration.
- (e) When a prospective customer has made application for a new service, or has applied for the reinstatement of an existing service, damage caused by any deficiency in the plumbing which the service will supply will be at the risk of the customer, and the Company will be liable only for its own negligence.
- (f) A System Development Charge for a new service connection to commercial or industrial premises or to residential premises shall be charged by the Company at the time the meter for such new service is set, in accordance with the schedule as set forth in Appendix A hereto. For service connections where the Customer will use a meter sized at greater than 4" or with a capacity greater than 500 gallons per minute, the Company shall establish a System Development Charge as may be appropriate in the circumstances, but not less than \$30,000.

4. SERVICE CONNECTIONS

- (a) Original service pipe and connections from the main to the curb valve, or from the curb valve to the customer's premises will be installed by the Company or under its direction, at the expense of the customer. All service pipes shall have a minimum cover of five feet and a minimum inside diameter of one inch. To the extent not prescribed by State and Municipal regulations, materials and methods

of construction shall be approved by the Company, and if the service has not been installed in accordance with Company's reasonable requirements, water will not be turned on until all defects have been remedied.

(b) As used herein, the service connection means the service pipe from the main to the property line of the premises to be serviced, including the corporation stop, curb stop and curb box, and shall be laid at a right angle to the water main; and shall not cross intervening properties, and will be furnished and installed by, and shall remain the property of the Company and under its sole control and jurisdiction.

(c) The portion of service pipe from the main to the curb valve shall be maintained or replaced as necessary by the Company at Company expense. Service pipe from the curb valve to the customer's premises will be maintained by the customer at his expense and in a manner satisfactory to the Company; provided, that if such service pipe is installed by the Company it will be guaranteed by Company for one year.

(d) Curb valves will not be used by the customer or his agent for turning on or shutting off the water supply. The customer's control of water supply shall be by means of a separate valve, located usually just inside the building wall. Curb valves are for the exclusive use of the Company.

(e) No service pipe shall be laid in the same trench with gas pipe, sewer pipe, electric or telephone wires or any other facility of a public service company, nor within ten feet of any open excavation, tank, cesspool or vault.

(f) The Company shall furnish, install, own, and maintain all new service connections, meters, and meter installations, provided the costs of excavation, backfill, and removal, and replacement of paving, walks, curbs, etc., including the hiring of traffic control personnel, and obtaining the street opening permits, necessarily incurred in respect to new services, shall be borne by the customer or other applicant for service. For replacement of services from the main to the curb, the Company shall bear all costs.

(g) On future installations or reinstallations of service lines, only one premise will be supplied through one pipe.

5. METERED SERVICE

(a) All service except fire hydrants shall be metered. An individual meter shall be required for each premises and each separate service connection.

(b) Each new meter shall be purchased and installed by the Company at the customer's expense. The meter shall be of such size and design as reasonably necessary to serve the customer involved.

Ownership of the meter shall be at all times in the Company and, subject to the provisions of Section 5 (c) hereof, the Company shall be responsible for maintenance of each meter at its own expense, except to the extent that the meter is damaged by the willful act or negligence of the customer.

(c) If any meter is required within a premise in addition to the Company's entrance meter, it will be installed, maintained and read by and at the expense of the customer.

(d) The quantity of water recorded by the meter shall be accepted as conclusive by both the customer and the company, except when the meter has been found to be registering inaccurately, or has ceased to register. In any such case, the quantity may be determined by the average registration of the meter in a corresponding past period, or by the average registration of the new meter, whichever method is more representative of the conditions existing during the period in question.

(e) The Company reserves the right to remove and to test any meter at any time and to substitute another meter in its place. In the case of a disputed account involving a question as to the accuracy of the meter, such meter will be tested by the Company upon request of the applicant. The normal charge for testing meters sized 5/8" to 1" shall be as set forth in Appendix A. For meters sized 1-1/2" and larger, the fee shall be based on the Company's actual cost including the cost of any outside contractor employed by the Company to perform such tests. In the event that the meter so tested is found to have an error to the detriment of the customer in excess of two percent at any rate of flow within normal test flow limits, the fee for testing will be refunded, and the current bill rendered based on the last reading of such meter shall be corrected accordingly.

(f) Subject to the provisions of Section 5 (c) hereof, the Company and Customer shall permit no one other than an agent of the Company to remove, inspect, or tamper with the meter. As soon as it comes to his knowledge, the Customer shall notify the Company of any injury to or malfunction of the meter.

6. TERMS OF PAYMENT

(a) All bills for service shall be payable upon receipt. However, no residential bill shall be considered "due" under applicable law or these Regulations in less than forty-five (45) days from receipt. Bills for service will be rendered periodically in accordance with the "Term of Payment" noted on the applicable Rate Schedule and are payable at the office of the Company upon presentation.

No disputed portion of a bill which relates to the proper application of approved rates and charges, or the Company's compliance with these Regulations, shall be considered "due" during the pendency or any complaint, investigation, hearing or appeal under these Regulations. If a non-residential customer wishes to dispute a bill, it must provide written notice of such dispute to the Company

within twelve (12) months of receipt of such bill.

(b) Each bill for service will be rendered to the property owner of record, and, in the absence of special agreement, he/she will be held responsible for the payment of the bill.

(c) If payment for water service in full is not made within forty-five days after the bill is received by the non-residential customer, whether or not the bill is in dispute, the Company reserves the right to impose interest charges as provided in Section 13 hereof and/or to discontinue service in his premises in accordance with regulations of the Department of Telecommunications & Energy, if any are applicable; and/or to recover the reasonable costs of collection incurred by the Company.

(d) Whenever the customer desires to have his water service discontinued, he/she shall notify the Company. Until such notice is received by the Company, the customer shall be responsible for payment for service rendered by the Company. A reasonable time after the receipt of such notice shall be allowed the Company to take a final reading of the meter and to discontinue service. A turn-on charge as specified in Appendix A hereto will be charged to the customer to reinstate service.

(e) The Company may terminate service to a household in which all residents are sixty-five (65) years of age or older only after such Company first secures written approval of the Department (DTE). If a customer 65 years of age or older so desires, the Company shall provide a third person designated by such customer notification of all past due bills and other notices required by Department (DTE) regulations. In addition to the application for such approval filed with the Department (DTE), the Company shall concurrently give written notice to the Department of Elder Affairs (or any agency designated by the Department of Elder Affairs for such purposes), any third person to be notified pursuant to 220 CMR 25.05(2) and the residents of such household. Prior approval by the Department of such application, no company may send notices threatening termination of service to any household which has notified the Company that all residents of the household are sixty-five (65) years of age or older.

7. ABATEMENTS AND REFUNDS

(a) No abatement shall be made for leaks or for water wasted by improper or damaged service pipes or fixtures belonging to the Customer, or for water services left on due to vacancy.

8. GENERAL

(a) Subject to prior approval by the Department of Telecommunications & Energy, if applicable, water service may be discontinued upon reasonable notice for any one of the following reasons:

- (1) willful waste of water;
- (2) molesting meters or meter seals;
- (3) property vacant, furnishings removed and whereabouts of owner unknown;

- (4) cross connecting Company service with any other supply source;
 - (5) refusal of reasonable access to property or to meter;
 - (6) refer to Drought Conditions, Section 15 and Section 16;
 - (7) non-payment of bills
- (b) When water has been turned off for any of the above reasons, or because of an unpaid bill, or upon order of the customer, a charge will be made for restoring service in the amount set forth in Appendix A to these Rules and Regulations.
- (c) The Company will not permit its mains or service pipes to be connected with any other source of supply not approved by responsible public health authority, nor will the Company permit its mains or service pipes to be connected in any way to any pipes, tanks, vats or other apparatus which contain liquids, chemicals, or other pollution which can flow back into the Company's mains and consequently endanger the common water supply. Refer to Massachusetts Drinking Water Regulations 310 CMR 22.22, Cross Connection Distribution System.
- (d) Any authorized agent of the Company shall have the right of access at all reasonable hours to the premises supplied with water for the purpose of reading meters, examining fixtures and pipes, observing the manner of using water, or for any other purpose, which is reasonable and necessary in the conduct of Water Company business. No person shall be deemed to be an authorized agent of the company entitled to such access unless he/she displays on his outer garment a badge bearing his name and photograph and the name of the Company.
- (e) The Company shall have the right to shut off the water supply to make repairs, changes or connections to its mains and other equipment. It will use reasonable efforts to notify the customer in advance of such discontinuance of service but in time of emergency may not be able to do so.
- (f) The Company shall not be liable for any damage or inconvenience suffered by the customer as a result of any cause beyond the Company's control. The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs to provide for fire or any other emergencies, and may restrict or regulate the use of water by its customers in case of scarcity, or whenever the public welfare may require it.

9. PUBLIC FIRE HYDRANTS

- (a) Public fire hydrants will be installed at the expense of and remain the property of the Company.
- (b) Any expense for repairs caused by the negligence of employees of the municipality or its agents or of the fire department will be paid for by the municipality.
- (c) The use of hydrants or other fire protection systems will be restricted to the taking of water for

the extinguishing of fires and Fire Department training and testing and water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, street sweeping, flushing sewers or gutters, or any other use unless specially permitted by the Company in writing for the particular time and occasion. Notwithstanding the foregoing, the Town of Milford, during the course of street sweeping operations may take water from hydrants without prior approval of the Company. The Company may designate to the Town, specific hydrants not to be so utilized. Where the Town does take water from hydrants, the Town shall, on a daily basis, provide the company with a total of the gallons taken to fill street sweepers.

(d) Fire pumps and booster pumps of any nature may be connected only after notification to the Company and Company approval and shall be constructed in such a manner to prevent cross connections and vacuum. Owners and operators of such equipment are liable for any and all damages of the Company property or other customers' property during such installation and operation.

(e) Hydrants shall be authorized in writing by the Board of Selectmen at locations specified by the Board or its designee. Once installed a hydrant may be moved to a new location upon proper authorization by the Board of Selectmen, but the relocation expense shall be borne by the municipality.

10. PRIVATE FIRE SERVICE

(a) The entire cost of the labor and materials for installing a private fire service from the main to the premises will be paid for by the Customer. The Customer shall furnish, install, and maintain all new service connections, provided the costs of excavation, backfill and removal, and replacement of paving, walks, curbs, etc., including the hiring of traffic control personnel, and obtaining the street opening permits, necessarily incurred in respect to the new service shall be borne by the Customer or other applicant for service. For replacement of services, the Customer shall bear all costs from the main to the premise. All replacement work performed shall be done by the Company at the Customer's expense or by the Customer or his designee. The designee must be acceptable to the Company. The Company shall perform inspection services at the expense of the Customer.

(b) A gate valve controlling the entire supply will be placed on the fire service between the main and the property line of the premises being served. Any valve pit or vault, which is required, will be furnished at the expense of the Customer.

(c) The private fire service connection is furnished for the purpose of supplying water for the extinguishment of fires only and no use of water from such connection for any other purpose shall be made without approval of the Company.

(d) The Customer shall notify the Company within a period of seventy-two (72) hours after any usage of the sprinkler system.

- (e) A double check detector check valve assembly shall be furnished and installed by the Customer in accordance with Company requirements, just inside the building wall or other convenient location on the Customer's premises as designated by the Company. The meter for the device by-pass will be furnished by the Company at the expense of the Customer. Any meter pit or vault required by the Company shall be constructed, furnished, installed and maintained at the expense of the Customer. The by-pass meter will be maintained by and at the expense of the Company.
- (f) Any repairs or maintenance performed with the property of the Customer, whether done by the Customer or the Company, will be at the expense of the Customer. Any repairs performed between the main and the property line of the premise will be done by the Company at the expense of the Customer.
- (g) Hydrants and other fixtures connected with a private fire service connection may be sealed by the Company and such seals shall be broken only in case of fire or as specially permitted by the Company, and the Customer must immediately notify the Company of the breaking of any such seal. All seals shall be approved by the Milford Fire Department prior to installation.
- (h) No pipe or fixtures connected with a private fire service connection served by the Company shall be connected with pipes or fixtures supplied with water from any other source.
- (i) The Company shall determine the size and location of any connection made to its mains for private fire service.
- (j) Fire pumps and booster pumps of any nature may be connected to private fire services only after notification to the Company and Company approval and shall be constructed in such a manner to prevent cross connections and vacuum. The Customer is liable for any and all damages of the Company property or other customer's property during installation and operation.
- (k) The entire private fire service connection and all parts of it which are located outside of the property line of the Customer are and forever remain the property of and under the complete jurisdiction of the Company.
- (l) No test of Fire Services shall be permitted without approval by the Company. The Company may elect to have a representative present. The test shall be scheduled to cause the least possible inconvenience to the Company's customers.

11. CUSTOMER SECURITY PAYMENTS

- (a) As assurance of payment for commercial or industrial water bills, the Company may require a customer to make a security payment equal to charges for two months' average water usage or usage

for any one month, whichever is greater (which security payment may be adjusted pursuant to 220 CMR 26.06) As assurance of payment for installation of service or other jobbing work undertaken for any type of customer, the Company may require a customer to make a security payment equal to one and one-half of the estimated cost of the jobbing service. Interest shall be paid on such security payment in accordance with the requirements of 220 CMR 26.09 and Section 16 of Chapter 158 of the General Laws of Massachusetts, as may apply from time to time. When service is discontinued, or the jobbing work is completed, the Company will apply the security payment against any sum owed to the Company by the customer and refund the balance, if any, to the customer.

12. SERVICE TO NEW AREAS

- (a) The developer of any real estate shall pay the cost of a new water main to reach the property from an existing main and to service the property internally. An individual property owner will likewise be required to pay the cost of extending an existing main to reach his/her property.
- (a) The standard sized main shall have an inside diameter of eight inches, but the Company may require a larger size at the owner's expense if in the Company's judgement such larger size is deemed necessary by reason of the distance involved or the size of the property to be served.

13. INTEREST CHARGES FOR LATE PAYMENT

- (a) Except as otherwise provided herein, bills for water service shall be due and payable when rendered. A bill shall be deemed rendered when it is delivered to the customer personally or three days following the date of the mailing of the bill to the mailing address supplied by the customer to the Company, whether or not the bill is in dispute.
- (b) No bill shall be considered "past due" under applicable law or these Regulations in less than forty-five (45) days from receipt. No bill rendered to the Commonwealth of Massachusetts or to any agency, city, town, county or political subdivision thereof, shall be considered "past due" under applicable law or these Regulations in less than fifty-five (55) days from receipt.
- (c) Except as provided in section (d) below, a bill rendered to a non-residential customer for which payment in full has not been received within 45 days from the date the bill was rendered shall bear interest at the applicable monthly rate as determined in section (e) below, on any unpaid balance from the due date until the date of payment.
- (d) A bill rendered to the Commonwealth of Massachusetts or to any agency, city, town, county political subdivision thereof, for which payment in full has not been received within 55 days, from the date the bill was rendered shall bear interest at the applicable monthly rate as determined in section (e) below, on any unpaid balance from the due date until the date of payment.

(e) The applicable monthly interest rate shall be established on February 1 each year based upon the previous year annual average of two year Treasuries plus 1000 basis points, as per DPU Order 93-204-A, effective November 1, 1994.

14. PRESSURE AND CONTINUITY OF SUPPLY

(a) The Water Company does not guarantee a sufficient or uniform pressure, or an uninterrupted supply of water and customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted storage supply must be assured, such as steam boilers, domestic hot water systems, gas engines, medical equipment, etc.

(b) In high elevation sections where pressure is low, the customer shall, if he/she desires a higher pressure than that furnished at the mains of the Company, install at their own expense, a tank and/or booster pump, of a type and installation approved by the Company.

(c) Where the pressure to a customer's premises is greater than he/she wished, it shall be his/her responsibility to install the proper regulating device to reduce pressure to the extent desired.

(d) The Company shall have the right to reserve sufficient supply of water at all times to provide fire, health and sanitary requirements, whenever the public welfare may require it.

15. DURING DROUGHT CONDITIONS

(a) The Company shall restrict water usage by the following ways:

Stage I	Voluntary water conservation - Outside water usage limited to odd-even allocation program between the hours of 7 PM and 7 AM.
Stage II	Mandatory water conservation - Outside water usage limited to odd-even allocation program between the hours of 7 PM and 7 AM.
	First violation - written citation.
	Subsequent violations - termination of water service plus costs of termination and restoration.

- Stage III Mandatory water conservation - Lawn sprinklers, irrigation system, soakers and unattended hoses forbidden. Outside water usage restricted to use of hand held hose only for no more than one (1) hour between 7 PM and 7 AM.
- First violation - written citation.
- Subsequent violations - termination of water service plus costs of termination and restoration.
-
- Stage IV Total mandatory water conservation - All outside use of water is forbidden.
- First violation - written citation.
- Subsequent violations - termination of water service plus costs of termination and restoration.

For Stage II, Stage III and Stage IV, first violation notices shall state the consequences (i.e., shut off and fees) for each subsequent violation cited during the restriction period.

(b) The Company will notify local agencies, Department of Environmental Protection and the Department of Telecommunications and Energy before implementation of any stage of the water conservation plan. Copies of the notification, penalties, termination notices and acknowledgments of penalties shall be filed with the above agencies.

(c) Customers shall be notified by the local newspaper, radio station, cable television, handouts, or advance notification through billings for drought related restrictions. In an emergency requiring 24 hour or less notification, termination shall be deferred until the customer found in violation is personally notified.

(d) No exceptions shall be granted for Stage II, Stage III and Stage IV.

(e) Restrictions shall remain in effect until public notice is given by the Company.

(f) Costs of termination and restoration be paid in full before service is restored.

16. CHARGES DURING DROUGHT CONDITIONS

(a) Customers will be charged a termination charge and a restoration charge as specified in Appendix A. Where service restoration can reasonably be accomplished, only outside the Company's normal working hours (Monday through Friday, 8 AM to 5 PM), the termination and restoration charge imposed on a customer of record and subsequent violations may be higher than the charge specified in Appendix A in order to recover the Company's actual overtime costs. The charge imposed outside normal working hours shall be limited to the Company's actual costs which vary according to the time involved, day of the week and time of the day and holidays.

(b) The charges for termination and restoration are applicable to all customers located on the mains of the Company in the corporate limits of the Town of Milford for the purpose of drought conditions.

17. WATER CONSERVATION POLICY

(a) In response to the Massachusetts Department of Environmental Protection's request, the Company has developed a more aggressive 'water conservation policy' to address matters related to system capacity and present and future demands. The list of conservation measures taken by the Company are:

- (1) Eliminate of the existing descending block rate structure and adoption of a flat rate charge for all water sold.
- (2) Eliminate minimum water allowances.
- (3) Charge individual customers a quarterly (or monthly) service charge by meter size, plus a volumetric charge beginning at the first cubic foot of water metered.
- (4) Institute a water conservation surcharge on all household customers using an amount over 4,800 cubic feet per quarter per household. The surcharge will be 150% the base rate.
- (5) Banned all new lawn irrigation systems connected to the Company supply after January 1, 2005.
- (6) Conduct a formal leak survey at least every two (2) years.

RULES AND REGULATIONS
APPENDIX A
Schedule of Administrative Fees and Charges
(May 1, 2006)

System Development Charge (Section 3f):

5/8" Meter	(20 gallons per minute)	\$ 1,200.00
3/4" Meter	(30 gallons per minute)	\$ 1,800.00
1" Meter	(50 gallons per minute)	\$ 3,000.00
1-1/2" Meter	(100 gallons per minute)	\$ 6,000.00
2" Meter	(160 gallons per minute)	\$ 9,600.00
3" Meter	(320 gallons per minute)	\$ 19,200.00
4" Meter	(500 gallons per minute)	\$ 30,000.00

Charge for testing meters 5/8" to 1" (Section 5e): \$ 50.00 (refundable if meter is more
than 2% inaccurate, as
specified in Section 5e)

Restoration Charge (Section 6d and Section 8b): \$ 70.00 (during regular business hours)
\$ 100.00 (during non-business hours)

Disconnection and Restoration Charges during Drought (Section 16a):
\$ 70.00 (during regular business hours)
\$ 100.00 (during non-business hours)

Return Check Fee \$ 20.00

Turn-on Fee, during business hours \$ 70.00

Turn-on Fee, during non-business hours \$ Actual Cost

Cross-Connection device testing Fee, one device \$ 75.00

Cross-Connection, each additional device \$ 35.00

Broken Meter Seal \$ 50.00

SCHEDULE 12

EFFECTS OF PROPOSED RATES ON OPERATING REVENUES AND AVERAGE CUSTOMERS BY CLASS

Revenue Class	Present Rates	Proposed Rates	Increase	
			Amount	Percent
Residential	\$1,823,699	\$2,124,920	\$301,221	16.52%
Commercial	475,157	604,011	128,855	27.12%
Industrial	169,002	259,283	90,281	53.42%
Municipal	87,865	119,411	31,546	35.90%
Sales for Resale	60,000	161,119	101,119	168.53%
Flat Rate Sales	579	724	145	25.00%
Private Fire	88,527	110,655	22,128	25.00%
Public Fire	315,162	393,953	78,791	25.00%
Total Water Revenues	\$3,019,991	\$3,774,075	\$754,085	24.97%

	Number of Accounts	Average Annual Cost per Customer			
Residential	7,561	\$241.20	\$281.04	\$39.84	16.52%
Commercial	537	884.84	1,124.79	239.95	27.12%
Industrial	48	3,520.87	5,401.73	1,880.86	53.42%
Municipal	61	1,440.41	1,957.56	517.15	35.90%
Sales for Resale (no. meter conns.)	2	30,000.03	80,559.38	50,559.35	168.53%
Flat Rate Sales (hydrant meters)	-	-	-	-	-
Private Fire (no. of connections&hydrants)	234	378.32	472.88	94.56	24.99%
Public Fire (no. of hydrants)	765	411.98	514.97	102.99	25.00%

SCHEDULE 12
(CONTINUED)

BILL IMPACTS - 5/8" RESIDENTIAL QUARTERLY BILLS

Billing Level	Equiv avg day usage	Quarterly Bills		Dollar Change	Percent Change	Comment
(CCF/Qtr)	(GPD)	present rates	new blocks & SC			
0	0	\$21.75	\$16.89	(\$4.86)	-22%	
1	8	21.75	18.91	(2.84)	-13%	
2	17	21.75	20.93	(0.82)	-4%	
3	25	21.75	22.95	1.20	6%	
4	33	21.75	24.97	3.22	15%	
5	42	21.75	26.99	5.24	24%	
6	50	21.75	29.01	7.26	33%	
7	58	21.75	31.03	9.28	43%	
8	67	21.75	33.05	11.30	52%	
9	75	21.75	35.07	13.32	61%	Present Minimum Allowance
10	83	24.17	37.09	12.92	53%	
15	125	36.26	47.19	10.94	30%	
20	167	48.34	57.29	8.95	19%	
24	200	58.01	65.37	7.36	13%	Typical residential user (per DTE)
30	250	72.51	77.49	4.98	7%	
35	292	84.60	87.59	3.00	4%	
40	333	96.68	97.69	1.01	1%	
48	400	116.02	113.85	(2.17)	-2%	Beginning proposed surcharge block
50	417	120.85	119.91	(0.94)	-1%	
60	500	145.02	150.21	5.19	4%	
70	583	169.19	180.51	11.32	7%	
80	667	193.36	210.81	17.45	9%	
90	750	217.53	241.11	23.58	11%	End of present 1st block (3)
100	833	232.43	271.41	38.98	17%	
110	917	247.33	301.71	54.38	22%	
120	1,000	262.23	332.01	69.78	27%	
130	1,083	277.13	362.31	85.18	31%	
140	1,167	292.03	392.61	100.58	34%	
150	1,250	306.93	422.91	115.98	38%	
160	1,333	321.83	453.21	131.38	41%	
170	1,417	336.73	483.51	146.78	44%	
180	1,500	351.63	513.81	162.18	46%	
190	1,583	366.53	544.11	177.58	48%	
200	1,667	381.43	574.41	192.98	51%	

Note: 5/8" service charge \$16.89 per quarter
 First 4,800 cubic feet per quarter \$2.0200 per CCF
 Over 4,800 cubic feet per quarter \$3.0300 per CCF

SCHEDULE 12
(CONTINUED)

BILL IMPACTS - NON-RESIDENTIAL QUARTERLY BILLS

Billing Level	Equiv avg day usage	Quarterly Bills		Dollar Change	Percent Change	Comment
(CCF/Qtr)	(GPD)	present rates	new single block + SC			
5/8 INCH METER						
0	0	\$21.75	\$16.89	(\$4.86)	-22%	
1	8	21.75	18.91	(2.84)	-13%	
2	17	21.75	20.93	(0.82)	-4%	
3	25	21.75	22.95	1.20	6%	
4	33	21.75	24.97	3.22	15%	
5	42	21.75	26.99	5.24	24%	
6	50	21.75	29.01	7.26	33%	
7	58	21.75	31.03	9.28	43%	
8	67	21.75	33.05	11.30	52%	
9	75	21.75	35.07	13.32	61%	Min Allo'd = "high point"
3/4 INCH METER						
0	0	\$29.01	\$17.97	(\$11.04)	-38%	
1	8	29.01	19.99	(9.02)	-31%	
2	17	29.01	22.01	(7.00)	-24%	
3	25	29.01	24.03	(4.98)	-17%	
4	33	29.01	26.05	(2.96)	-10%	
5	42	29.01	28.07	(0.94)	-3%	
6	50	29.01	30.09	1.08	4%	
7	58	29.01	32.11	3.10	11%	
8	67	29.01	34.13	5.12	18%	
9	75	29.01	36.15	7.14	25%	
10	83	29.01	38.17	9.16	32%	
11	92	29.01	40.19	11.18	39%	
12	100	29.01	42.21	13.20	46%	Min Allo'd
1 INCH METER						
0	0	\$58.02	\$21.20	(\$36.82)	-63%	
1	8	58.02	23.22	(34.80)	-60%	
2	17	58.02	25.24	(32.78)	-56%	
3	25	58.02	27.26	(30.76)	-53%	
4	33	58.02	29.28	(28.74)	-50%	
5	42	58.02	31.30	(26.72)	-46%	
6	50	58.02	33.32	(24.70)	-43%	
7	58	58.02	35.34	(22.68)	-39%	
8	67	58.02	37.36	(20.66)	-36%	
9	75	58.02	39.38	(18.64)	-32%	
10	83	58.02	41.40	(16.62)	-29%	
11	92	58.02	43.42	(14.60)	-25%	
12	100	58.02	45.44	(12.58)	-22%	
13	108	58.02	47.46	(10.56)	-18%	
14	117	58.02	49.48	(8.54)	-15%	
15	125	58.02	51.50	(6.52)	-11%	
16	133	58.02	53.52	(4.50)	-8%	
17	142	58.02	55.54	(2.48)	-4%	
18	150	58.02	57.56	(0.46)	-1%	
19	158	58.02	59.58	1.56	3%	
20	167	58.02	61.60	3.58	6%	
21	175	58.02	63.62	5.60	10%	
22	183	58.02	65.64	7.62	13%	
23	192	58.02	67.66	9.64	17%	
24	200	58.02	66.45	8.43	15%	Min Allo'd

SCHEDULE 12
(CONTINUED)

BILL IMPACTS - NON-RESIDENTIAL QUARTERLY BILLS

Billing Level	Equiv avg day usage	Quarterly Bills		Dollar Change	Percent Change	Comment
(CCF/Qtr)	(GPD)	present rates	new single block + SC			
1-1/2 INCH METER						
0	0	\$87.00	\$25.50	(\$61.50)	-71%	
1	8	87.00	27.52	(59.48)	-68%	
2	17	87.00	29.54	(57.46)	-66%	
4	33	87.00	33.58	(53.42)	-61%	
6	50	87.00	37.62	(49.38)	-57%	
8	67	87.00	41.66	(45.34)	-52%	
10	83	87.00	45.70	(41.30)	-47%	
12	100	87.00	49.74	(37.26)	-43%	
14	117	87.00	53.78	(33.22)	-38%	
16	133	87.00	57.82	(29.18)	-34%	
18	150	87.00	61.86	(25.14)	-29%	
20	167	87.00	65.90	(21.10)	-24%	
22	183	87.00	69.94	(17.06)	-20%	
24	200	87.00	73.98	(13.02)	-15%	
26	217	87.00	78.02	(8.98)	-10%	
28	233	87.00	82.06	(4.94)	-6%	
30	250	87.00	86.10	(0.90)	-1%	
32	267	87.00	90.14	3.14	4%	
34	283	87.00	94.18	7.18	8%	
36	300	87.00	98.22	11.22	13%	Min Allo'd
38	317	91.83	102.26	10.43	11%	
40	333	96.67	106.30	9.63	10%	
2 INCH METER						
0	0	\$181.29	\$37.30	(\$143.99)	-79%	
5	42	181.29	47.40	(133.89)	-74%	
10	83	181.29	57.50	(123.79)	-68%	
15	125	181.29	67.60	(113.69)	-63%	
20	167	181.29	77.70	(103.59)	-57%	
25	208	181.29	87.80	(93.49)	-52%	
30	250	181.29	97.90	(83.39)	-46%	
35	292	181.29	108.00	(73.29)	-40%	
40	333	181.29	118.10	(63.19)	-35%	
45	375	181.29	128.20	(53.09)	-29%	
50	417	181.29	138.30	(42.99)	-24%	
55	458	181.29	148.40	(32.89)	-18%	
60	500	181.29	158.50	(22.79)	-13%	
65	542	181.29	168.60	(12.69)	-7%	
70	583	181.29	178.70	(2.59)	-1%	
75	625	181.29	188.80	7.51	4%	Min Allo'd
80	667	193.38	198.90	5.52	3%	
85	708	205.46	209.00	3.54	2%	
90	750	217.55	219.10	1.56	1%	end 1st block
95	792	225.00	229.20	4.21	2%	
100	833	232.45	239.30	6.86	3%	

SCHEDULE 12
(CONTINUED)

BILL IMPACTS - NON-RESIDENTIAL QUARTERLY BILLS

Billing Level	Equiv avg day usage	Quarterly Bills		Dollar Change	Percent Change	Comment
(CCF/Qtr)	(GPD)	present rates	new single block + SC			
3 INCH METER						
0	0	\$262.23	\$125.00	(\$137.23)	-52%	
10	83	262.23	145.20	(117.03)	-45%	
20	167	262.23	165.40	(96.83)	-37%	
30	250	262.23	185.60	(76.63)	-29%	
40	333	262.23	205.80	(56.43)	-22%	
50	417	262.23	226.00	(36.23)	-14%	
60	500	262.23	246.20	(16.03)	-6%	
70	583	262.23	266.40	4.17	2%	
80	667	262.23	286.60	24.37	9%	
90	750	262.23	306.80	44.57	17%	
100	833	262.23	327.00	64.77	25%	
110	917	262.23	347.20	84.97	32%	
120	1,000	262.23	367.40	105.17	40%	Min Allo'd
130	1,083	277.13	387.60	110.47	40%	
140	1,167	292.03	407.80	115.77	40%	
150	1,250	306.93	428.00	121.07	39%	
4 INCH METER						
0	0	\$351.63	\$157.00	(\$194.63)	-55%	
20	167	351.63	197.40	(154.23)	-44%	
40	333	351.63	237.80	(113.83)	-32%	
60	500	351.63	278.20	(73.43)	-21%	
80	667	351.63	318.60	(33.03)	-9%	
100	833	351.63	359.00	7.37	2%	
120	1,000	351.63	399.40	47.77	14%	
140	1,167	351.63	439.80	88.17	25%	
160	1,333	351.63	480.20	128.57	37%	
180	1,500	351.63	520.60	168.97	48%	Min Allo'd
200	1,667	381.43	561.00	179.57	47%	
250	2,083	455.93	662.00	206.07	45%	
300	2,500	530.43	763.00	232.57	44%	
350	2,917	604.93	864.00	259.07	43%	

SCHEDULE 12
(CONTINUED)

BILL IMPACTS - NON-RESIDENTIAL QUARTERLY BILLS

Billing Level	Equiv avg day usage	Quarterly Bills		Dollar Change	Percent Change	Comment
(CCF/Qtr)	(GPD)	present rates	new single block + SC			
Proposed						
		<i>Single block volumetric rate</i>				
		<i>all non-residential retail customers</i>		\$2.0200	per CCF	
		<i>Service Charge</i>	5/8"	\$16.89	per quarter	
			3/4"	17.97		
			1"	21.20		
			1 1/2"	25.50		
			2"	37.30		
			3"	125.00		
			4"	157.00		
			6"	232.00		
			8"	318.00		
Present Minimum Charges:						
				<u>Min Allow.</u>	<u>Charge</u>	
				<u>CCF/QTR</u>	<u>per quarter</u>	
			5/8"	9	\$21.75	
			3/4"	12	29.01	
			1"	24	58.02	
			1 1/4"	30	72.51	
			1 1/2"	36	87.00	
			2"	75	181.29	
			3"	120	262.23	
			4"	180	351.63	
			6"	300	530.43	
			8"	480	798.63	
Present Volumetric Declining Block Rates:						
				<u>Change to</u>	<u>\$2.0200</u>	
Block 1: 1st 30/mo. or 90/qtr.		2.417	(0.397)		-16.43%	
Block 2: next 300/mo. Or 900/qtr.		1.490	0.530		35.57%	
Block 3: over 330/mo. Or 990/qtr.		1.104	0.916		82.97%	

MILFORD WATER COMPANY

D.T.E. 05-61

SCHEDULE 13

STATEMENT OF ISSUES

RATE BASE:	1.	Post-test year plant additions
	2.	Adequacy of capital planning process
	3.	Role of R.H. White Construction as project manager
	4.	Depreciation reserve
	5.	Deferred income taxes
REVENUES:	1.	Sales to Hopedale and Mendon Water Departments
	2.	Customer growth
	3.	Various fees
	4.	System development charges
EXPENSES:	1.	Number of employees
	2.	Wages and salary expense
	3.	Allocation of labor charges to M&J operations
	4.	Employee health insurance expense
	5.	Workers compensation insurance expense
	6.	Purchased power expense
	7.	Purchased water expense
	8.	Miscellaneous expense
	9.	Charitable contributions
	10.	Diatomaceous earth expense
	11.	Chlorine expense
	12.	Property taxes
	13.	Depreciation expense
	14.	Deferred income taxes
CAPITAL STRUCTURE:	1.	Capitalization ratios
	2.	Long-term debt issuances
	3.	Cost of debt
	4.	Cost of common equity
RATE DESIGN:	1.	Propriety of eliminating declining block rate structure
	2.	Propriety of "conservation" rate, including surcharge and block break
	3.	Determination of marginal cost
	4.	Functional cost of service study

5. Rate increase phase-in
6. Propriety of allocated cost study
7. Purchased water surcharge mechanism

TERMS AND
CONDITIONS:

1. System development charges
2. Proposed increase in various fees
3. Hydrant and street sweeping rules and regulations
4. Collection costs associated with nonresidential customers
5. Compliance with NFPA standards and Fire Department requests, including emergency generation capability

SUPPLY ISSUES:

1. Company efforts to acquire additional supply sources
2. Company effort to promote water conservation
3. Least-cost integrated resource management

OTHER ISSUES:

1. Compliance with DEP requirements
2. Magnitude/timing of proposed increase
3. Prudence of management

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS
AND ENERGY

D.T.E. 05-61

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding in accordance with the requirements of 220 CMR 1.05(1) (Department's Rules of Practice and Procedure).

Dated at Boston, Massachusetts this 6th day of April, 2006.

A handwritten signature in black ink, appearing to read "Eric J. Krathwohl", written over a horizontal line.

Eric J. Krathwohl
Counsel

Of Counsel for
Milford Water Company